

**SPECIAL JOINT MEETING
TIPPECANOE COUNTY COMMISSIONERS
TIPPECANOE COUNTY COUNCIL
APRIL 23, 2002**

The Tippecanoe County Commissioners and Tippecanoe County Council met in a special joint meeting on Tuesday, April 23, 2002 at 7:00 P.M. in the Tippecanoe Room in the County Office Building. Commissioners present were: President John L. Knochel, Vice President KD Benson, and member Ruth E. Shedd. Council members present were: President David S. Byers, Vice President Connie Basham, Ronald L. Fruitt, Kathy Vernon, and Jeffrey Kessler; Auditor Robert A. Plantenga, County Attorney David W. Luhman, Commissioners' Assistant Jennifer Weston, and Secretary Pauline E. Rohr. (Councilmember Jeffrey A. Kemper and Margaret K. Bell were absent.)

President Knochel called the County Commissioners' meeting to order.

President Byers called the County Council's meeting to order.

SUMMARY: LOHUT (Local Option Highway User Tax) Power Point Presentation

Presenters were:

Mark Albers, Executive Director, Tippecanoe County Highway Dept.
Bill Haan, Executive Director, Indiana Association of County Commissioners
Tom Martin, Program Manager, Indiana LTAP, Purdue University

Current Funding Sources for Local Roads

- I. Gas Tax funds
 - A. Motor Vehicle Highway Account
 - B. Local Road & Street Account
- II. Federal Highway Funds (local matching funds are required)

Property taxes cannot be used to fund roads.

Optional Sources

- I. EDIT (Economic Development Income Tax) Funds (County is already using)
- II. COIT (County Option Income Tax) Funds
- III. Distressed Road Fund (requires LOHUT)

Indiana LTAP (Local Technical Assistance Program) Study results showed for entire State:

- \$2.016 billion short for road improvements
- \$453 million short for road maintenance

Tippecanoe County needs \$6 million or more per year to maintain and improve roads and plan federal projects. 2002 Proposed Gas Tax Bill (HB1317) died. The State Senate insists counties should raise money for roads by adopting LOHUT which is the only optional tax specifically for road funding. Since 1980, 24 Indiana counties have adopted LOHUT.

LOHUT requires both County Motor Vehicle Excise Surtax and County Wheel Tax to be adopted concurrently.
Surtax Tax (must be same rate or amount on each motor vehicle)

- I. 2% to 10% of the excise tax (\$7.50 min)
or
- II. Flat amount from \$7.50 to \$25.00 per vehicle

Surtax tax is paid at time of registration and applies to:

automobile
motorcycle
truck under 11,000 pounds.

Wheel Tax Rates: \$5.00 to \$40.00 per vehicle. May have different rates for each class and different rates within each class.

Applies to all vehicles NOT subject to the excise surtax:

Buses
RVs
Semitrailers
Tractors
Trailers
Trucks

Exceptions are vehicles:

Owned by the State
Owned by political subdivision
Subject to annual excise surtax
Buses owned by religious or nonprofit youth organizations

Surtax Estimated Revenue based on Year 2000:

<u>10% Surtax (\$7.50 min)</u>	<u>Flat \$25.00 Surtax</u>
\$1,803,350	\$2,523,592

Wheel Tax Estimated Revenue based on Year 2000:

<u>\$20.00 Flat rate</u>	<u>\$40.00 max tax</u>
\$219,779	\$441,219

Total (max rates) \$2,964,811

Estimated Allocations to (using max rates):

County	\$1,574,048
Lafayette	875,271
West Lafayette	404,311
Battle Ground	20,161
Clarks Hill	12,511
Dayton	18,708
Otterbein	3,676
Shadeland	<u>56,154</u>
Total	1,390,792

Adopting LOHUT

By Statute, the County Council must give public notice and concurrently pass an ordinance adopting the Excise Surtax and the Wheel Tax. If the vote is not unanimous on first reading, then it must be passed at two different meetings.

Effective Date

If passed after December 31 and before July 1, it is effective January of the following year. (i.e. passed May 1, 2002, effective Jan. 2003)

If passed after June 30 but before January 1, it is effective in two (2) years. (i.e. passed Aug. 2002, effective Jan. 2004)

Collection

Surtax and Wheel Taxes are paid at the time of registration at the BMV (Bureau of Motor Vehicles). The BMV remits both taxes to the County. The County Auditor allocates the money and the County Treasurer distributes it.

Closing Comments

Tom Martin: To help counter strong opposition from the farming community, he doesn't recommend charging the maximum (\$40.00) for the Wheel Tax and risk defeating the entire package. He based this on the small amount of Wheel Tax collections compared to the much greater collections of the Surtax.

Bill Haan: An additional gas tax is not an option without LOHUT.

Lafayette Mayor Dave Heath: LOHUT is a tool the community has to fund road projects. During his recent lobbying efforts at the Legislature, he said he learned the State wants local government to find a funding solution for roads.

District 26 State Representative Sue Scholer: She said she was disappointed the gas tax bill did not pass but said it is easier to raise a tax at the local level because specific projects can be guaranteed.

ADJOURNMENT

- There being no further discussion the Commissioners and County Council adjourned.

Robert A. Plantenga, Auditor